

Message Text

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ACTION NEA-10

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FM AMEMBASSY DAMASCUS

TO SECSTATE WASHDC 6619

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USDOC FOR ASST SEC REED, DR HOSTLER AND DIBA/OIM: TYRRELL AND
MCCOWEN; STATE PASS AID, TREASURY

E.O. 11652: N/A

TAGS: BEXP BTIO SY

SUBJ: VISIT OF USDOC ASST SEC REED AND DEPT ASST SEC HOSTLER -
DAMASCUS FAIR TRADE AND INVESTMENT PROMOTION

1. SUMMARY: IN MARCH 3 MEETING BETWEEN USDOC OFFICIALS AND
SYRIAN ECONOMY MINISTER IMADI, LATTER STRONGLY ENCOURAGED
INVOLVEMENT OF US FIRMS IN SYRIAN ECONOMIC DEVELOPMENT, SAID
HE LOOKS FORWARD TO BIGGER AND BETTER US PRESENTATION IN
1976 DAMASCUS FAIR AND AGREED TO SEVERAL OF OUR REQUESTS
CONCERNING ADMINISTRATION OF DAMASCUS FAIR AND RULES OF
PARTICIPATION. END SUMMARY.

2. DURING MARCH 3 VISIT OF SECRETARY SIMON, EMBASSY ARRANGED
APPOINTMENT WITH MINISTER OF ECONOMY AND FOREIGN TRADE DR
MOHAMED AL-IMADI FOR DEPARTMENT OF COMMERCE ASSISTANT SECRETARY
TRAVIS E. REED, DEPUTY ASSISTANT SECRETARY DR CHARLES W.
HOSTLER AND OPIC EXECUTIVE VP DAVID GREGG III (SEPTEL RE OPIC).
ATTENDING WITH IMADI WERE HIS DEPUTY MINISTERS DR ABDULLAH
AZMED (BANKING AND FINANCE), DR AMMAL JAMMAL (FOREIGN
TRADE), DAMASCUS INTERNATIONAL FAIR DIR GEN NAZEM HAFEZ
(WHO IS RESPONSIBLE TO MIN IMADI), AND IMADI'S ASSISTANT IN
CHARGE OF OPIC AFFAIRS, ANTOINE SABE'. USDOC PORTION OF
MEETING CONCERNED DAMASCUS FAIR, TRADE PROMOTION AND INVESTMENT/
JOINT VENTURES IN SYRIA.

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3. DAMASCUS FAIR:

A. MIN IMADI AGREED TO PROVIDE EMBASSY WITH WRITTEN PERMISSION THAT GOODS EXHIBITED IN US PAVILION THAT DID NOT COME DIRECTLY FROM COUNTRY OF ORIGIN COULD BE SOLD IN SYRIA AND WOULD NOT HAVE TO BE RE-EXPORTED AS CALLED FOR UNDER CURRENT FAIR REGULATIONS. (USDOC: THIS RESPONDS TO PARA 3, STATE 53413; YOU MAY SO INFORM POTENTIAL PARTICIPANTS AND AS SOON AS WE OBTAIN WRITTEN TEXT OF ORDER, WE WILL CABLE.)

B. IMADI AND HAFEZ AGREED THAT IF OUR DUSEX WANTED TO BRING IN HIRED MOVING EQUIPMENT (OUTSIDE OF FAIR PORTERS' "MONOPOLY") FOR MOVEMENT OF EXHIBITORS' EQUIPMENT INTO OR AROUND US PAVILION, HE COULD DO SO. (WE WILL FOLLOW UP THIS UNDERSTANDING WITH LETTER TO IMADI AND HAFEZ).

C. IMADI AGREED EMBASSY SHOULD WRITE TO HAFEZ AND HE WILL SUPPLY FULL LIST OF FAIR DIRECTORATE AND OTHER RELATED FEES CONCERNING US AND COMPANY PARTICIPATION IN FAIR.

D. AS FOR STANDARDIZED FREIGHT FORWARDING CHARGES, IMADI SAID THIS BUSINESS IN PRIVATE SECTOR AND ONE HAD TO RELY ON SUPPLY AND DEMAND AND OBTAIN BEST PRICE AVAILABLE. (EMBASSY WILL CONTINUE ATTEMPTS TO SOLVE THIS PROBLEM AND ASK FOR WRITTEN PERMISSION FROM MIN ECON/FAIR DIRECTORATE THAT ANY FORWARDER CAN CLEAR SHIPMENTS BEFORE EXHIBITION AND NOT JUST ONE DESIGNATED BY AUTHORITIES, REF PARA 6, STATE 31631.)

E. IMADI STRONGLY URGED THAT OUR PARTICIPATION IN 1976 FAIR BE "BIGGER AND BETTER," NOTING HIS DISAPPOINTMENT WITH OUR PRESENTATION IN 1975, I.E., "ITS PHYSICAL APPEARANCE WAS VERY UNATTRACTIVE COMPARED TO MANY OTHER NATIONAL PAVILIONS." HE WAS PLEASED THAT REED AND HOSTLER HAD ALREADY VISITED FAIR-GROUNDS PRIOR TO MEETING.

4. TRADE PROMOTION:

A. IMADI NOTED THAT DURING SECRETARY SIMON'S MEETING WITH DEP PM FOR ECONOMIC AFFAIRS HAYDAR, LATTER ACCEPTED SECRETARY'S OFFER TO CONSIDER HAVING US EXPERTS REVIEW CURRENT DRAFT OF 4TH FIVE-YEAR DEVELOPMENT PLAN FOR SYRIA (1976-80) IN ORDER
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TO PRODUCE CONCISE SUMMARY OF PLAN, POSSIBLY INCLUDING OUR ADVICE RE PROPER INCENTIVES ESSENTIAL TO ATTRACT FOREIGN INVESTMENT. SUMMARY WOULD BE MADE AVAILABLE FOR WIDE DISTRIBUTION IN ORDER TO EDUCATE US COMPANIES ON OPPORTUNITIES IN SYRIA. IMADI STRESSED SUCH SECTORS AS LAND RECLAMATION, AGRICULTURE AND IRRIGATION, RURAL ELECTRIFICATION, TOURISM, OIL EXPLORATION AND PETROCHEMICALS. REED PROMISED TO CONTINUE USDOC EFFORTS TO ENCOURAGE US OIL COMPANIES AND OTHER FIRMS TO INVESTIGATE

SYRIAN MARKET.

B. IMADI SHOWED VISITORS ARABIC DOCUMENT WHICH HE SAID NOW BEING TRANSLATED INTO FRENCH AND ENGLISH AND WILL SERVE AS INVESTMENT AND TRADE HANDBOOK FOR FOREIGN FIRMS, SPELLING OUT ALL PERTINENT SYRIAN REGULATIONS, ETC. NEEDED BY FOREIGN FIRMS WHEN CONSIDERING SYRIAN MARKET. WE PROMISED TO GIVE BOOKLET WIDE DISTRIBUTION TO AMERICAN FIRMS.

5. INVESTMENT/JOINT VENTURE:

A. IMADI DESCRIBED SYRIAN SYSTEM OF NOT HAVING ONE OVERALL INVESTMENT LAW, BUT HAVING INDIVIDUAL LAWS (DECREES PASSED BY PARLIAMENT, WHICH NEVER VOTES DOWN SUCH DECREES, HE ADDED) FOR EACH SPECIFIC JOINT VENTURE, OF WHICH THERE ARE NOW THREE: SPANISH TRACTOR FACTORY IN ALEPPO, FRENCH TELEPHONE SWITCHING EQUIPMENT, AND TRIPCO (US) OIL CONCESSION.

B. IMADI STRONGLY ENCOURAGED US AGRIBUSINESS TO ENTER INTO JOINT VENTURES IN SYRIA AND EMPHASIZED AKKAR PLAIN EFFORT FOR WHICH AID IS FINANCING PREFEASIBILITY STUDY ON IRRIGATION, DRAINAGE AND AGRICULTURAL PRODUCTION. IMADI HOPE IMPLEMENTATION STAGE COULD BE UNDERTAKEN BY US FIRMS, EITHER SUPPORTED BY US ASSISTANCE OR UNDER COMMERCIAL TERMS.

C. IN RESPONSE TO REED'S QUESTIONS, IMADI SAID SYRIA HAD NO RESTRICTIONS ON REPATRIATION OF FUNDS AND DETAILS WOULD BE NEGOTIABLE BETWEEN FOREIGN AND SYRIAN PARTIES. IF PROFITS WERE REINVESTED, SAY FOR FIVE YEARS, THIS WOULD MEAN TOTAL TAX EXEMPTION. WHILE SYRIA HAD NO STOCK MARKET OR SIMILAR FACILITY, SYRIAN (GOVERNMENT) FINANCIAL PORTION OF VENTURE (LOCAL CURRENCY) WOULD BE OBTAINED FROM SYRIAN FINANCIAL INSTITUTIONS. RESTRICTIONS ON NUMBER OF EXPATRIATES WORKING ON JOINT VENTURE ARE MINIMAL
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AND AGAIN ARE NEGOTIABLE DETAILS.

6. FULL UNCLEARED MEMCON BEING POUCHED NEA/ARN FOR DISTRIBUTION TO USDOC.

7. COMMENT: ASSISTANT SECRETARY REED CLEARLY DEMONSTRATED TO IMADI AND HIS COLLEAGUES STRONG USDOC INTEREST IN ENCOURAGING US FIRMS TO INVESTIGATE SYRIAN MARKET. QUESTIONS RE DAMASCUS FAIR PRODUCED GOOD RESPONSES FROM IMADI, WHO IN TURN EXPECTS EXCELLENT US PRESENTATION IN 1976 FAIR.

8. FYI IMADI EXPECTS TO BE IN WASHINGTON AROUND MARCH 21 FOR IBRD MEETING. END FYI.
MURPHY

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